

Supplemental Response is to introduce and discuss objective evidence of non-obviousness of the pending claims of the application. No amendments to the application are made herewith.

A. Request for Entry of Supplemental Response and Declaration

Enclosed herewith is a Declaration of Jeff Grady In Support of U.S. Patent Application No. 10/780,329. Applicant believes that such Declaration provides strong evidence of non-obviousness of the subject matter as presently claimed, sufficient to support allowance of the previously-rejected claims. But if, for some reason, the Examiner should be disinclined to withdraw the obviousness rejection of any of the pending claims, entry of this Supplemental Response and accompanying Declaration is requested to put the application in better condition for appeal. Applicant is prepared to appeal this matter to the Board of Patent Appeals and Interferences if necessary.

B. Summary of Obviousness Rejections

In the November 15, 2006 Office Action, claims 52-68 were rejected for obviousness on various prior art grounds, namely:

- Claims 52-60 and 62-68 were rejected under 35 U.S.C. 103(a) as being unpatentable for obviousness over U.S. Patent Application Publication No. 2004/0224638 to Fadell ("Fadell") in view of U.S. Patent Application Publication No. 2002/0002039 to Qureshey ("Qureshey"); and
- Claim 61 was rejected under 35 U.S.C. 103(a) as being unpatentable for obviousness over Fadell and Qureshey as applied to claim 52, and further in view of U.S. Patent Application Publication No. 2002/0086703 to Dimenstein ("Dimenstein").

Arguments clearly traversing such rejections were made in Applicant's Response filed on December 4, 2006. The present Supplemental Response simply bolsters Applicant's prior arguments.

C. Law Regarding Objective Evidence or 'Secondary Considerations' of Non-Obviousness

Objective evidence (also termed “secondary considerations”) of nonobviousness may relate to any of the factors identified in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966) including **commercial success**<sup>1</sup>, fulfilling a long felt need, failure of others, **copying by others**, or unexpected results. (Emphasis added.) In addition, Federal Circuit case law provides that secondary considerations may include success of a potentially infringing product, i.e., a product manufactured by a third party<sup>2</sup>.

“[E]vidence of secondary considerations may often be the most probative and cogent evidence in the record. It may often establish that an invention appearing to have been obvious in light of the prior art was not.” *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538, 218 USPQ 871, 879 (Fed. Cir. 1983).

It is well settled that evidence of nonobviousness, if presented, cannot be ignored:

In an appeal of a rejection patent application, secondary considerations, such as commercial success, typically do not play a large part in the analysis of obviousness because the inventor usually waits until his patent issues before he swings production into full gear. ... If, however, a patent applicant properly presents evidence relating to these secondary considerations, the Board [of Patent Appeals and Interferences] must always consider such evidence in connection with the determination of obviousness.

*In re Sernaker*, 702 F.2d 989, 217 USPQ2d 1, 7 (Fed. Cir. 1983) (quoting *In re Fielder*, 471 F.2d 640, 644, 176 USPQ 300, 303 (C.C.P.A. 1973). See also MPEP 214, which states:

**Objective evidence or secondary considerations** such as unexpected results, commercial success, long-felt need, failure of others, copying by others, licensing, and skepticism of experts **are relevant to the issue of obviousness and must be considered in every case in which they are present.** When evidence of any of these secondary considerations is submitted, the examiner must evaluate the evidence.

#### D. Discussion of Secondary Considerations Evidence

<sup>1</sup> See also *In re Huang*, 100 F.3d 135, 139-40; 40 USPQ2d 1451, 1454 (Fed. Cir. 1997); *In re Woodruff*, 919 F.2d 1575, 1578, 16 USPQ2d 1685, 1689-90 (Fed. Cir. 1996).

<sup>2</sup> See *Brown & Williamson Tobacco Corp. v. Phillip Morris Inc.*, 229 F.3d 1120, 56 USPQ2d 1456, 1464 (Fed. Cir. 2000) (evidence of infringing product in patent infringement action considered in secondary considerations).

1. Commercial Success of Applicant's IBOOM® Boombox Product

Applicant is the President and Chief Executive Officer of Netalog, Inc., a company that manufactures and sells the IBOOM® boombox. Grady Decl., ¶¶ 1, 3. The IBOOM® boombox is an audio player that includes (1) a main body portion with a docking cavity for docking a MP3 player or portable digital media player; (2) multiple speakers; (3) a radio receiver; and (4) a frequency tuning control and a frequency indicator on the main body portion. Grady Decl., ¶¶ 2-3. In this regard, Netalog's IBOOM® boombox closely corresponds to and embodies the subject matter of most, if not all, of the pending claims of U.S. Patent Application No. 10/780,329. *Id.*

Netalog's IBOOM® boombox was introduced in 2004. Grady Decl. ¶ 3. Within the past two years, Netalog has sold more than 85,000 examples of its IBOOM® boombox. Grady Decl. ¶ 4. Based on Netalog's understanding of the retail prices at which IBOOM® boombox have been sold, it is believed that the aggregate revenue generated by sales of IBOOM® boomboxes has exceeded \$8.5 million. Grady Decl. ¶ 4. While such sales and revenue are impressive in their own right, it is important to note that a vast number of third party products (*i.e.*, **at least nineteen (19) products**) reading on at least some of the claims of the present application and competing directly with the IBOOM® boombox have been introduced to the market at times believed to be *after* Netalog's introduction of the IBOOM® boombox (Grady Decl. ¶¶ 6-26 & Exhibits B-U). It should be presumed that commercial success of Netalog's IBOOM® boombox would have been much greater in the absence of such competing products.

2. Copying by Others of Applicant's IBOOM® Boombox Product

As noted previously, **at least nineteen (19) products** reading on at least some of the claims of the present application have been introduced by third parties, with such third party product introductions believed by Applicant to post-date Applicant's filing of the present application and Applicant's public release of the IBOOM® boombox. Grady Decl. ¶¶ 6-26 & Exhibits B-U.

While Applicant has no *direct* evidence (e.g., testimony or other admissions) that third parties have copied Applicant's IBOOM® boombox, the following items support an inference that copying has taken place: (1) timing of the third party product releases well after Netalog's public disclosure of the claimed subject matter embodied in the IBOOM® boombox; (2) close

correspondence between the essential features of the nineteen third party products and the subject matter as currently claimed in the present application and Netalog's IBOOM® boombox; and (3) the huge number of competing products on the market - which suggests it is unlikely that so many would-be 'inventors' independently developed around the same time the very same combination of features embodied in the IBOOM® boombox and claimed in the current application.

### 3. Commercial Success By Third Parties

Applicant does not have access to sales figures for third party products reading on at least some of the claims of the present application. The sheer number of competing products (i.e., at least nineteen (19) products), however, supports an inference that such third party products are commercially successful; otherwise, so many different products could not coexist in the market and so many different manufacturers would not undertake the risk of selling such products in a competitive marketplace. The Examiner is reminded that commercial success of potentially infringing third party products is properly considered as a secondary consideration of non-obviousness.<sup>3</sup> In this instance, the third party commercial success in selling products highly similar to Netalog's IBOOM® boombox – *after* Applicant invented the subject matter claimed in the present application – evidences the non-obviousness of Applicant's invention. If the invention were in fact obvious at the time the present application was filed, then the profit motive would have been a powerful incentive for third parties to have beaten Applicant to the punch in commercializing products embodying the invention. Such third party commercialization did not occur until after Applicant's invention of the subject matter now claimed.

Any suggestion that the subject matter claimed in the present application was obvious at the time of Applicant's invention is false, and can only be supported by hindsight knowledge of Applicant's invention. The Federal Circuit has repeatedly pronounced that it is impermissible to use hindsight knowledge to reconstruct a patent claim in support of an obviousness rejection thereof. *See, e.g., W.L. Gore & Assocs. v. Garlock, Inc.*, 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984) ("To imbue one of ordinary skill in the art with the knowledge of the invention in suit, when no prior art reference or references of

record convey or suggest that knowledge, is to fall victim to the insidious effect of a hindsight syndrome wherein that which only the inventor taught is used against its teacher.”)

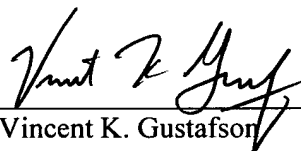
### CONCLUSION

The evidence of commercial success, copying by others, and commercial success by third parties provided in the accompanying Declaration of Jeff Grady and discussed herein overwhelmingly supports the non-obviousness of the subject matter of the claims pending in the present application.

Accordingly, withdrawal of the obviousness rejections is warranted, and respectfully requested. Issuance of an immediate Notice of Allowance is further requested.

If the Examiner seeks additional information or seeks to resolve any minor issues incident to the issuance of a formal Notice of Allowance, he is encouraged to telephone the undersigned attorney at (919)419-9350.

Respectfully submitted,



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**Enclosures:**

**Declaration of Jeff Grady In Support of U.S. Patent Application No. 10/780,329 [80 pgs]  
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<sup>3</sup> E.g., *Brown & Williamson Tobacco Corp. v. Phillip Morris Inc.*, 229 F.3d 1120, 56 USPQ2d 1456, 1464 (Fed. Cir. 2000)